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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
ARIZONA ELECTRIC POWER COOPERATIVE,
INC. FOR A RATE INCREASE.

DOCKET NO. E-01773A-04-0528

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION COOPERATIVE,
INC. FOR A RATE INCREASE.

DOCKET NO. E-04100A-04-0527

**NOTICE OF FILING
BOARD RESOLUTION**

GALLAGHER & KENNEDY, P.A.
2575 E. CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
(602) 530-8000

Attached hereto and filed this date is the original and 15 copies of the Resolution of the Board of Directors of the Arizona Electric Power Cooperative, Inc. adopted at a special meeting of the Board held on April 22, 2005. The Board supports the deferred 1.5% rate increases in 2006 and 2007, discussed during the hearing, subject to the review of relevant financial information as described in the Resolution. AEPCO will discuss this matter and recommendations as to implementation in its Closing Brief which will be filed on May 6, 2005.

RESPECTFULLY SUBMITTED this 25th day of April, 2005.

GALLAGHER & KENNEDY, P.A.

By Michael M. Grant
Michael M. Grant
Todd C. Wiley
2575 East Camelback Road
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Attorneys for AEPCO and SWTC

1 **Original and fifteen copies** filed
this 25th day of April, 2005, with:

2 Docket Control
3 Arizona Corporation Commission
1200 West Washington
4 Phoenix, Arizona 85007

5 **Copy** of the foregoing delivered
this 25th day of April, 2005, to:

6 Timothy J. Sabo
7 Legal Division
Arizona Corporation Commission
8 1200 West Washington
Phoenix, Arizona 85007


9
10 **Copies** of the foregoing mailed
this 25th day of April, 2005, to:

11 Administrative Law Judge Jane L. Rodda
12 Hearing Division
Arizona Corporation Commission
13 400 West Congress
Tucson, Arizona 85701-1347

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ARIZONA ELECTRIC POWER COOPERATIVE, INC.

The following Resolution was adopted at a **special meeting** of the Board of Directors of Arizona Electric Power Cooperative, Inc. (AEPCO), held in Benson, Arizona on April 22, 2005.

RESOLUTION

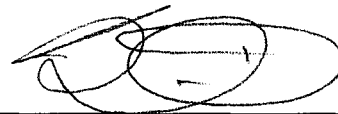
***WHEREAS**, the Management of Arizona Electric Power Cooperative, Inc. (AEPCO) has presented additional information to the Directors pertaining to incremental increases in AEPCO Class A Member revenue in two phases beyond the initial rate adjustment currently being considered by the Arizona Corporation Commission (ACC); and*

***WHEREAS**, the increase in revenue is in response to the ACC staff's concern about AEPCO's future debt and the ability to generate sufficient operating revenue to produce an adequate Debt Service Coverage Ratio (DSCR) given AEPCO's increasing principal payments over the next several years; and*

***WHEREAS**, Management has prepared and reviewed with the Directors certain financial and rate schedules depicting the two phased revenue increases of 1.5 percent each scheduled for July 1, 2006 and July 1, 2007 and amounting to an estimated increase of approximately \$1.3 million each;*

***NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of Arizona Electric Power Cooperative, Inc., hereby confirms its approval of the 12.44 percent increase intended to become effective in 2005. Additionally, the AEPCO Board of Directors supports the 1.5 percent increases in July 2006 and July 2007. However, the AEPCO Board of Directors requests that the effective rate order provide that the 1.5 percent increases will only be enacted after a submittal by AEPCO of relevant financial information to the ACC prior to the scheduled increases, and only if this information demonstrates that the rate increases are necessary to achieve a Debt Service Coverage Ratio of 1.0. The DSCR shall be calculated based upon earnings before interest on long term debt. AEPCO staff is instructed to submit all such financial information to the Board for approval prior to its submission to the ACC.*

I, Lyn R. Opalka, do hereby certify that I am Secretary of AEPCO, and that the foregoing is a true and correct copy of the Resolution adopted by the Board of Directors at a **special meeting** held on April 22, 2005.



Secretary

(seal)